

Office of the Auditor of Public Accounts
Commonwealth of Kentucky
Report on the System of Quality Control
For the Period October 1, 2003
through September 30, 2004



National State Auditors Association

November 1, 2004

Honorable Crit Luallen
Auditor of Public Accounts
Commonwealth of Kentucky
105 Sea Hero Road, Suite #2
Frankfort, KY 40601

Dear Ms. Luallen:

We have reviewed the systems of quality control of the Kentucky Auditor of Public Accounts (APA) in effect for the period October 1, 2003 through September 30, 2004 for financial audits and attestation engagements and for the period September 1, 2003 through September 30, 2004 for performance audits. A system of quality control encompasses the office's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with government auditing standards. The design of the system and compliance with it are the responsibility of the office. Our responsibility is to express an opinion on the design of the system, and the office's compliance with the system based on our review.

We conducted our review in accordance with the policies and procedures for external quality control reviews established by the National State Auditors Association (NSAA). In performing our review, we obtained an understanding of the office's system of quality control for financial and performance audits and attestation engagements conducted in accordance with government auditing standards. In addition, we tested compliance with the office's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the office's policies and procedures on selected engagements. Because our review was based on selective tests, it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it.

Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of the Kentucky Auditor of Public Accounts in effect for the period October 1, 2003 through September 30, 2004 for financial audits and attestation engagements and for the period September 1, 2003 through September 30, 2004 for performance audits has been suitably designed and was complied with during the period to provide reasonable assurance of conforming with government auditing standards.

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